

IN THE SPECIFICATION

Please amend the paragraph within the specification beginning on page 1, line 27 with the following:

If supplemental information is needed, for instance for purposes of watermarking, it may be added – as is fairly widely known – by adding it to the original signal in such a way that the signal amendment will not be noticed by a listener. A signal altered like this can no longer be considered as a (bit true) original signal. Additionally, this kind of watermarking suffers from the fact that it is not possible to detect watermarks present in the encoded signal without lossless decoding. For reasons of simplicity of the watermark decoder, it is desirable to have the option to detect watermarks prior to lossless decoding.

Please amend the paragraph within the specification beginning on page 4, line 5 with the following:

The chosen LLC algorithm is based on a prediction filter and a probability table. ~~To optimize the compression ratio of the LLC Coded mode, a parameter control unit 4 analyzes each channel separately every frame again.~~ The parameter control unit 4 calculates, for each channel C_i , a set of prediction filter coefficients $A_i = a_i(1) \dots a_i(k_i)$ for each prediction filter and a set of probability table coefficients $\pi_i = \pi_i(1) \dots \pi_i(m_i)$ for each probability table. In the embodiment of the invention, the length of a prediction filter coefficient a_i , is nine bits, whereas the number k_i of prediction filter coefficients is variable, but is limited to a maximum value of 128. Each probability table coefficient π_i has a length of seven bits. The number m_i of the probability table coefficients π_i is also variable, but is limited by a maximum value of sixty-four. Typically, it is between thirty-two and sixty-four. These numbers are given as examples and represent the numbers which have been found to give the best results for audio signals, but should not be interpreted as limiting the invention to these numbers. The numbers of course depend on the frame rate, the prediction filter algorithm and the content of the source signal. However, other numbers allowing a better compression ratio might be found.